

APPOINTMENTS

The table below illustrates the levels of hierarchy of appointments that took place during the financial year.

Level	Total Number of Employees
Top Management	04
Middle Management	06
Lower Management	08

OVERTIME

Overtime is regulated by the Basic Conditions of Employment Act. The use of overtime is only when there are temporary staff shortages. In times of need temporary staff is hired without having to employ more permanent personnel.

Employment equity is applied to reflect the diversity of the community. Both employment equity and affirmative action policies are applied, affirmative action being a labour market policy aimed at redressing past imbalances that are a direct result of discrimination and employment equity being a labour market policy aimed at preventing future discrimination.

eDUMBE MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2009



I am responsible for the preparation of these annual financial statements which are set out on pages 1-26, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 17 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

A handwritten signature in black ink, appearing to read "A.M.T Putini", written over a horizontal line.

Mr. A.M.T Putini
Municipal Manager

Date

eDUMBE MUNICIPALITY									
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009									
						2009		2008	
						R		R	
		Note							
NET ASSETS AND LIABILITIES									
Net Assets						46 855 296		43 585 958	
Housing development account						100 348		100 348	
Revaluation reserve						3 734 859		3 514 796	
Capitalisation reserve						11 081 877		11 081 877	
Government grant reserve						26 227 798		17 255 745	
Accumulated surplus/ (deficit)						5 710 415		11 633 192	
Non - Current Liabilities						600 000		-	
Long - term liabilities		1				600 000		-	
Current Liabilities						26 111 435		20 143 356	
Consumer deposits		2				165 082		144 097	
Provisions		3				657 559		259 033	
Creditors		4				21 906 559		15 464 729	
Unspent conditional grants and receipts		5				927 953		1 914 040	
Vat		11				478 668		788 756	
Bank Overdraft		19				1 975 615		1 572 701	
Suspense									
Total Net Assets and Liabilities						73 566 731		63 729 314	
ASSETS									
Non - Current Assets						36 500 206		32 328 907	
Property, plant and equipment		6				36 464 634		32 226 665	
Intangible assets		26				35 573		91 460	
Long - term receivables		7				-		10 782	
Current Assets						37 066 524		31 400 407	
Inventories		8				226 086		57 135	
Consumer debtors		9				28 971 811		25 401 542	
Other debtors		10				6 588 979		4 385 621	
Cash at Bank		19				1 279 648		1 556 109	
Total Assets						73 566 731		63 729 314	

eDUMBE MUNICIPALITY			
STATEMENT OF FINANCIAL PERFORMANCE			
FOR THE YEAR ENDED 30 JUNE 2009			
		2009	2008
	Note	R	R
REVENUE			
Government grants and subsidies	14	16 295 717	21 753 131
Service charges	13	5 498 133	4 275 417
Rates income		14 077 820	13 036 958
Refuse Removal		1 183 118	
Other services/ levies		2 698 742	2 720 004
Rental income		716 007	235 132
Interest earned		122 652	716 512
Total Revenue		40 592 189	42 737 154
EXPENDITURE			
Employee related costs	15	16 926 164	13 504 927
Remuneration of councillors	16	2 555 534	2 600 032
General expenses		8 534 304	5 208 643
Audit Fee			664 994
Grants and subsidies paid		1 232 691	1 420 155
Electricity purchases		5 457 906	3 525 263
Bad debts		7 242 522	2 152 776
Legal fees		252 830	163 494
Contract services		0	426 816
Repairs and maintenance		2 827 186	2 562 445
Depreciation		701 978	1 747 683
Loss on sale of asset			8 662 482
Total Expenditure		45 731 114	42 639 710
(DEFICIT)/SURPLUS		-5 138 928	97 444
Refer to appendix E(1) for the comparison with the approved budget.			

eDUMBE MUNICIPALITY									
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009									
	Reserves and Funds	Housing Development Fund	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total	
	R		R		R		R	R	
2008									
Opening balance as previously reported	-11 633 192	100 348.00	0	11 081 877	17 255 745	3 514 796	11 633 192	31 952 765	
Correction of error in prior year (Note 26.1)	11 633 192	0		0	0	0	0	11 633 192	
Correction of error in prior year (Note 26.2)								0	
								0	
Balance as at 1 July 2008 as restated	0	100 348	0	11 081 877	17 255 745	3 514 796	11 633 192	43 585 958	
2009									
Deficit for the year							-5 138 928	-5 138 928	
Disposals for the year					50 000	17 497	288 707	356 204	
Transfer to CRR							0	0	
PPE Purchased					374 121	202 566	43 953	620 640	
Capital grants used to purchase PPE					4 336 005		-4 336 005	0	
Capital grants used for capital under construction					3 961 885		-3 961 885	0	
Offsetting of depreciation					250 043		-250 043	0	
Other adjustments							7 098 890	7 098 890	
Prior year adjustments (Note 17)							332 533	332 533	
Balance at 30 June 2009	0	100 348	0	11 081 877	26 227 798	3 734 859	5 710 415	46 855 297	

eDUMBE MUNICIPALITY			
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009			
	Note	2009	2008
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts for ratepayers, government and other		40 592 189	25 957 943
Cash paid to suppliers and employees		36 876 643	27 450 308
Cash generated from /(utilised in) operations	18	3 715 546	(1 492 365)
Interest received		122 652	716 512
NET CASH FROM/ (Utilised In) OPERATING ACTIVITIES		3 838 198	(775 853)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4 582 525)	(8 180 947)
Decrease in non-current receivables		10 782	15 027
NET CASH UTILISED IN INVESTING ACTIVITIES		(4 571 743)	(8 165 920)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(Decrease) in consumer deposits		20 985	(17 460)
NET CASH FROM/(UTILISED IN) FINANCING ACTIVITIES		20 985	(17 460)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(712 559)	(8 959 233)
Cash and cash equivalents at the beginning of the year		(16 592)	8 942 641
Cash and cash equivalents at the end of the year	19	(695 967)	(16 592)
		(712 559)	8 959 233

4.2	Government Grant Reserve																																																																									
	<p>When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/ (deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by the National Treasury.</p> <p>When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/ (deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/ (deficit).</p> <p>When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/ (deficit).</p>																																																																									
5	PROPERTY, PLANT AND EQUIPMENT																																																																									
	<p>Property, plant and equipment is stated at cost less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an infinite life.</p>																																																																									
	<p>The municipality did not review the useful life or the depreciation method used on the assets recognised in the annual financial statements for 2007/ 2008 financial year due to the exemption granted in Gazette 30013. A narrative is included in the notes to the financial statements where there is reason to believe that an item of property, plant and equipment needs to be impaired which is in line with the Government Gazette 30013, and hence no impairment losses have been recognised.</p>																																																																									
	<p>Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.</p>																																																																									
	<p>Depreciation is calculated on cost, using the straight - line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-</p> <table><tr><td></td><td></td><td><u>Years</u></td><td></td><td><u>Years</u></td></tr><tr><td>Land and Buildings</td><td></td><td></td><td>Other</td><td></td></tr><tr><td>Buildings</td><td></td><td>30</td><td>Audio visual</td><td>3</td></tr><tr><td></td><td></td><td></td><td>Bins and containers</td><td>5</td></tr><tr><td>Infrastructure</td><td></td><td></td><td>Computer equipment</td><td>5</td></tr><tr><td></td><td></td><td></td><td>Computer software</td><td>3</td></tr><tr><td>Roads</td><td></td><td>10</td><td>Fire equipment</td><td>5</td></tr><tr><td></td><td></td><td></td><td>Furniture and fittings</td><td>5-10</td></tr><tr><td>Community</td><td></td><td></td><td>Medical equipment</td><td>5</td></tr><tr><td>Recreational facilities</td><td></td><td>20</td><td>Office equipment</td><td>5-10</td></tr><tr><td>Security measures</td><td></td><td>3-5</td><td>Tools and equipment</td><td>3</td></tr><tr><td></td><td></td><td></td><td>Plant and equipment</td><td>5-10</td></tr><tr><td></td><td></td><td></td><td>Vehicles, Tractors etc.</td><td>7</td></tr></table>											<u>Years</u>		<u>Years</u>	Land and Buildings			Other		Buildings		30	Audio visual	3				Bins and containers	5	Infrastructure			Computer equipment	5				Computer software	3	Roads		10	Fire equipment	5				Furniture and fittings	5-10	Community			Medical equipment	5	Recreational facilities		20	Office equipment	5-10	Security measures		3-5	Tools and equipment	3				Plant and equipment	5-10				Vehicles, Tractors etc.	7
		<u>Years</u>		<u>Years</u>																																																																						
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			Plant and equipment	5-10																																																																						
			Vehicles, Tractors etc.	7																																																																						
	<p>The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.</p>																																																																									
	<p>Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.</p>																																																																									
	<p>Any items of property, plant equipment that should be recognised and disclosed as inventory has not been done. Instead a narrative is included in the notes if any items of property, plant and equipment could include inventory. This is in line with the exemptions provided in Government Gazette 30013.</p>																																																																									
	<p>Any items of property, plant equipment that should be recognised and disclosed as investment property has not been done. Instead a narrative is included in the notes if any items of property, plant and equipment could include investment property. This is in line with the exemptions provided in Government Gazette 30013.</p>																																																																									
6	INVESTMENTS																																																																									
	<p>Financial instruments, which include fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.</p>																																																																									
	<p>On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.</p>																																																																									